

**PROVO CITY
HOUSING AUTHORITY**

Financial Statements

September 30, 2005

PROVO CITY HOUSING AUTHORITY

Financial Statements

September 30, 2005

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Provo City Housing Authority

We have audited the financial statements of the business type activities, which collectively comprise the financial statements of Provo City Housing Authority, as of and for the year ended September 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of Provo City Housing Authority, as of September 30, 2005, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2006 on our consideration of Provo City Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Management's Discussion and Analysis is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the Housing Authority's financial statements. The statements listed in the supplemental information section of the table of contents, the Schedule of Expenditures of Federal Awards listed in the single audit section of the table of contents, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the Supplemental Financial Data Schedules listed in the single audit section of the table of contents, as required by the U.S. Department of Housing and Urban Development are presented for purposes of additional analysis and are not a required part of the financial statements of Provo City Housing Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Hawkins Cloward & Simister, LC

HAWKINS CLOWARD & SIMISTER, LC
CERTIFIED PUBLIC ACCOUNTANTS

January 30, 2006

PROVO CITY HOUSING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2005

As management of the Provo City Housing Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with the Authority's financial statements, which follow this section.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of FY 2005 by \$10,731,989 (*net assets*), representing a decrease of \$98,654 from FY 2004.
- The Authority's cash balance at the end of FY 2005 was \$899,660 representing a decrease of \$468,622 from FY 2004.
- The Authority had a total of \$1,267,912 in dwelling rentals revenue, representing an increase of \$81,828 from FY 2004.
- The Authority had a total of \$5,199,075 in governmental grants income, representing a decrease of \$195,238 from FY 2004.
- The Authority had a total of \$356,413 in other revenue, representing an increase of \$9,465 from FY 2004.
- The Authority had a total of \$6,914,674 in expenses, representing a decrease of \$70,037 in expenses from FY 2004.
- The Authority's had a total of \$11,041,566 net capital assets, representing a decrease of \$57,482 from FY 2004.
- The Authority had a total of \$1,521,004 in investments in joint ventures, representing a decrease of \$125,122 from FY 2004.
- The Authority's loans and notes receivable decreased by \$9,803 from FY 2004.
- The Authority's bonds and notes payable decreased by \$395,107 from FY 2004.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements include the Authority-wide financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

AUTHORITY-WIDE FINANCIAL STATEMENTS

The Authority-wide financial statements are designed to be corporate-like in that all business type activities are consolidated into columns which add to a total for the entire Authority. The interfund activity of the Authority has been eliminated.

Statement of Net Assets

These Statements include a Statement of Net Assets, which is similar to a Balance Sheet. The Statement of Net Assets reports all financial and capital resources for the Authority. The statement is presented in the format where assets, minus liabilities, equals "Net Assets", formerly known as equity. Assets and liabilities are presented in order of liquidity, and are classified as "Current" (convertible into cash within one year), and "Non-Current".

The focus of the Statement of Net Assets (the "Unrestricted Net Assets") is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net Assets (formerly equity) are reported in three broad categories:

Net Assets, Invested in Capital Assets, Net of Related Debt: This component of Net Assets consists of all Capital Assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets: This component of Net Assets consists of restricted assets, when constraints are placed on the asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets: Consists of Net Assets that do not meet the definition of "Net Assets Invested in Capital Assets, Net of Related Debt", or "Restricted Net Assets".

Statement of Revenues, Expenses and Changes in Net Assets

The Authority-wide financial statements also include a Statement of Revenues, Expenses and Changes in Net Assets (similar to an Income Statement). This Statement includes Operating Revenues, such as Rental Income, Operating Expenses, such as administrative, utilities, maintenance, and depreciation, and Non-Operating Revenues and Expenses, such as grant revenue, investment income and interest expense.

The focus of the Statement of Revenues, Expenses, and Changes in Net Assets is the "Change in Net Assets", which is similar to Net Income or Loss.

Statement of Cash Flows

Finally, a Statement of Cash Flows is included, which discloses net cash provided by, or used for operating activities, capital and related financing activities, and investing activities.

AUTHORITY FUNDS

The Authority consists of exclusively Enterprise Funds. Enterprise funds utilize the full accrual basis of accounting. The Enterprise method of accounting is similar to accounting utilized by the private sector accounting.

Many of the funds maintained by the Authority are required by the Department of Housing and Urban Development. Others are segregated to enhance accountability and control.

Conventional Public Housing

Under the Conventional Public Housing Program, the Authority rents units that it owns to low-income households. The Conventional Public Housing Program is operated under an Annual Contributions Contract (ACC) with HUD, and HUD provides Operating Subsidy and Capital Grant funding to enable the PHA to provide the housing at a rent that is based upon 30% of household income. The Conventional Public Housing Program also includes the Capital Fund Program, which is the primary funding source for physical and management improvements to the Authority's properties.

Housing Choice Voucher Program

Under the Housing Choice Voucher Program, the Authority administers contracts with independent landlords that own the property. The Authority subsidizes the family's rent through a Housing Assistance Contributions Contract (ACC) and HUD. HUD provides Annual Contributions Funding to enable the Authority to structure a lease that sets the participants' rent at 30% of household income.

Lookout Pointe Apartments

Under the Lookout Pointe Apartments Program, the Authority maintains a 114 unit apartment complex, which is a blended component unit of the Authority. This is a mixed-income development with 35 percent of the units made affordable to low and very-low income families. This is a non-HUD funded project with the exception of the small number of Section 8 rental subsidies assisting very-low income tenants. Lookout Pointe has also been approved by the Internal Revenue Service to operate under a 501 (c)(3) exemption.

Discretionary Housing

This fund represents non-HUD resources developed from a variety of activities. This fund is used to finance discretionary housing activities, i.e., innovative housing program developments as approved by the Board of Directors. Generally, these funds are not subject to Public Housing or Section 8 program rules, but must be spent for low-income housing related activities.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the Authority-wide and fund financial statements.

SUPPLEMENTARY INFORMATION

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

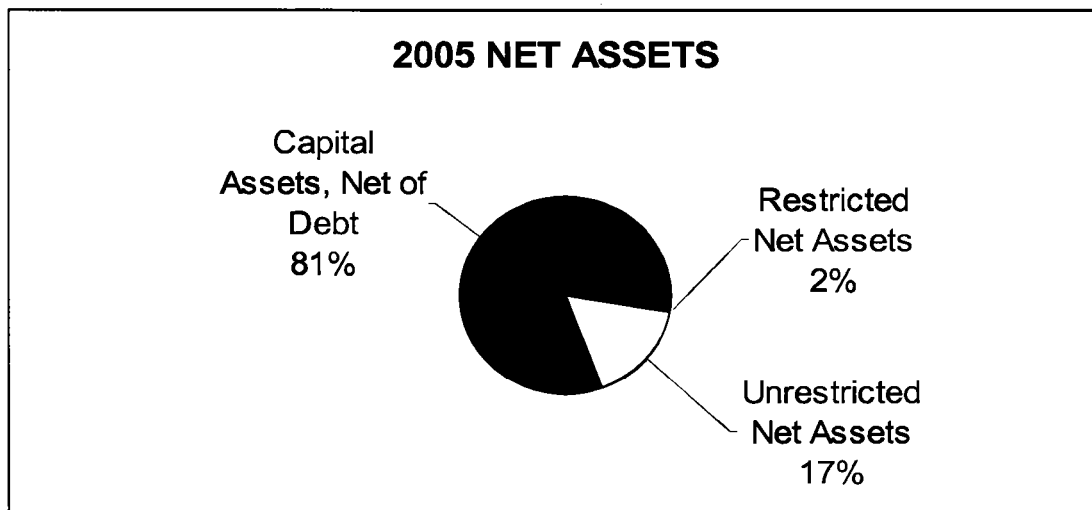
AUTHORITY-WIDE FINANCIAL STATEMENTS

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets for 2005, with comparative figures from 2004:

STATEMENT OF NET ASSETS

	2005	2004
Current and Other Assets	\$ 6,409,636	\$ 7,227,367
Capital Assets	11,041,566	11,099,048
Total Assets	17,451,202	18,326,415
Other Liabilities	943,938	2,071,122
Long-Term Liabilities	5,775,275	5,424,650
Total Liabilities	6,719,213	7,495,772
Net Assets:		
Invested in Capital Assets,		
Net of Related Debt	8,737,547	8,719,031
Restricted	181,762	161,712
Unrestricted	1,812,680	1,949,900
Total Net Assets	\$ 10,731,989	\$ 10,830,643



- Net assets of the Authority's activities decreased by \$98,654 (.9%) from 2004 to 2005.
- The largest portion of the Authority's net assets (81 percent) reflects its investment in capital assets (land, buildings, machinery, and equipment), less related outstanding debt used to acquire these assets. The Authority uses these capital assets to provide services to tenants. Consequently, these assets are not available for future spending. Although the Authority's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. The Authority's investment in capital assets, net of related debt, increased by \$18,516 (.2%) from 2004 to 2005.

The following table presents details on the change in Net Assets, Invested in Capital Assets, Net of Related Debt:

**CHANGE OF NET ASSETS
INVESTED IN CAPITAL ASSETS NET OF RELATED DEBT**

Balance as of 9/30/2004	\$	8,719,031
Capital Assets Added		469,243
Capital Assets Disposed/Sold	(43,015)	
Depreciation on Capital Assets Disposed/Sold	34,852	
Adjusted Capital Assets Disposed/Sold		(8,163)
2005 Depreciation Expense		(420,828)
2005 Increase in Related Debt		(21,736)
Balance as of 9/30/2005	\$	<u>8,737,547</u>

- An additional portion of the Authority's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The only Restricted Net Assets for the Provo City Housing Authority are the Lookout Pointe Escrow Reserves and Replacement Reserve. These reserves increased by 12 percent, or \$20,050 over 2004.

The remaining balance of unrestricted net assets (17 percent) may be used to meet the Authority's ongoing obligations to program participants and creditors. Unrestricted net assets decreased by \$137,220 (7%) from 2004 to 2005. This decrease was primarily due to the purchase of the Nazarene Church property for \$190,140 from the operating reserves in the Low Rent Public Housing and Section 8 programs (\$95,070 per program).

The following table presents details on the change in Unrestricted Net Assets:

CHANGE OF UNRESTRICTED NET ASSETS

Unrestricted Net Assets 9/30/2004	\$	1,949,900
Results of Operations		(91,274)
Adjustments:		
Prior Year	(7,378)	
Depreciation & Amort (1)	535,460	<u>528,082</u>
Adjusted Results from Operations		397,208
Increase in Restricted Net Assets		(20,050)
Increase in Capital Assets		(474,647)
Decrease in Debt Related to Capital Assets		(48,230)
Component Unit Decrease in Capital Assets, Net of Related Debt		(27,768)
Component Unit Decrease in Other Non-current Assets		<u>(3,333)</u>
Unrestricted Net Assets 9/30/2005	\$	<u>1,812,680</u>

- (1) Depreciation and amortization is treated as an expense and reduces the results of operations but does not have an impact on Unrestricted Net Assets.

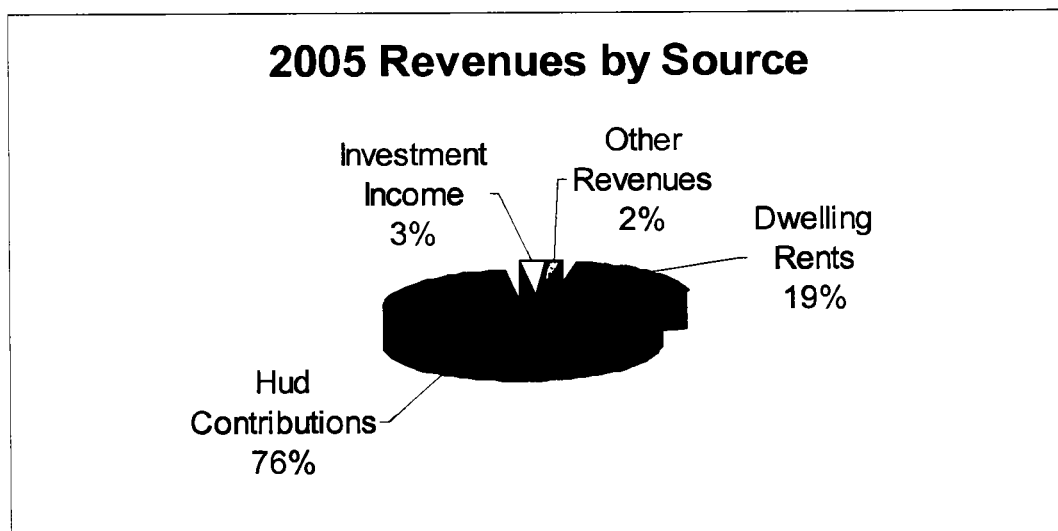
While the Results of Operations is a significant measure of the Authority's activities, the analysis of the changes in Unrestricted Net Assets provides a clearer change in financial well-being.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

The following schedule compares the revenues and expenses for the current and previous fiscal year. The Authority is engaged in Business-Type Activities.

	2005	2004
Revenues		
Dwelling Rents	\$ 1,267,912	\$ 1,186,084
HUD Contributions	4,836,857	4,916,862
Other Government Grants	4,300	5,923
Capital Funds Grants	357,918	471,528
Interest and Investment Income	212,808	227,167
Other Revenues	143,605	119,781
Total Revenue	6,823,400	6,927,345
Expenses		
Administrative	988,355	973,826
Tenant Services	1,832	2,550
Utilities	201,953	186,765
Maintenance	590,275	576,237
Protective Services	7,438	12,973
General	187,260	187,514
Interest Expense	300,148	318,963
Housing Assistance Payments	3,928,293	4,018,800
Losses on Disposals	173,098	194,282
Equity Investments	564	355
Depreciation	535,460	512,446
Total Expenses	6,914,676	6,984,711
 Prior Year Adjustments	 (7,378)	 78,261
 Net Increase(Decrease)	 \$ (98,654)	 \$ 20,895

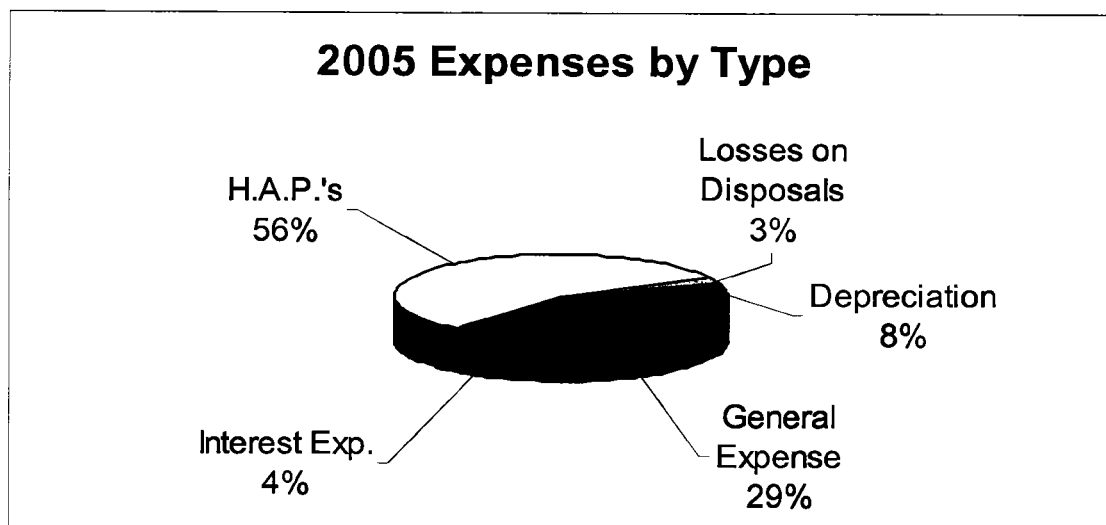
The following chart presents a condensed view of the FY 2005 Revenues:



MAJOR FACTORS AFFECTING THE STATEMENT OF REVENUE, EXPENSES AND CHANGES IN NET ASSETS

- Dwelling Rents increased by \$81,828. This increase was primarily due to a 7% increase in dwelling units occupancy from 2004 to 2005.
- HUD Contributions decreased by \$80,005. This decrease was primarily due to a reduction in funds provided by HUD for the Vouchers program.
- HUD Contributions for Capital Funds Grants decreased by \$113,610. This was due to a reduction of \$13,530 in Capital Funds Grant funds available compared to 2004, plus a reduced rate of use of grant funds for capital improvements in 2005 compared to 2004.

The following chart presents a condensed view of the FY 2005 Expenses:



- Administrative Expenses increased by \$14,529 (1.5%). This increase was primarily due to a net increase in administrative salaries plus benefits.
- Utility Expenses increased by \$15,188 (8%). This increase was primarily due to an increase in natural gas and sewer rates.
- Maintenance Expenses increased by \$14,038 (2%). This increase was primarily due to an increase in the cost of materials and contracts.
- Interest Expense decreased by \$18,815 (6%). This expected decrease was due to an increase in principal payments on all long term debt during 2005.
- Housing Assistance Payments decreased by \$90,507 (3%). This was primarily due to cut backs by HUD in funds provided for the Vouchers program combined with changes in the Section 8 program that also resulted in reductions in HAP costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of the year end, the Authority had \$11.04 million invested in a variety of capital assets as reflected in the following schedule, which represents a net decrease (addition, deductions and depreciation) of .057 million or \$57,482 from the end of FY 2004.

The following schedule compares the Capital Assets at Year End for the current and previous fiscal year. The Authority is engaged in Business-Type Activities:

CAPITAL ASSETS AT YEAR-END (NET OF DEPRECIATION)

	<u>Business-type Activites</u>	
	<u>2005</u>	<u>2004</u>
Land and Land Rights	\$ 3,143,069	\$ 3,095,535
Buildings	15,347,898	14,930,980
Equipment-Administrative	517,207	539,019
Equipment-Dwelling	244,905	247,752
Accumulated Depreciation	<u>(8,211,513)</u>	<u>(7,714,238)</u>
Total	<u>\$ 11,041,566</u>	<u>\$ 11,099,048</u>

The following reconciliation summarizes the change in Capital Assets:

CHANGE IN CAPITAL ASSETS

	<u>Business-type Activites</u>
Beginning Balance	\$ 11,099,048
Additions	482,808
Retirement	(43,015)
Depreciation on Retirements	<u>34,852</u>
Net of Depreciation	(8,163)
2005 Depreciation	<u>(532,127)</u>
Ending Balance	<u>\$ 11,041,566</u>

The 2005 additions were comprised of:

Business-Type Activities

Purchase of Nazarene Church Property	\$190,140
Capital Improvements (modernization completed on a variety of the Authority's Public Housing complexes:	\$274,312
Equipment Purchases	<u>\$ 18,356</u>
Total 2005 Additions	\$482,808

Debt Outstanding

As of year-end, the Authority had \$5,942,844 in debt (bonds, notes, etc.) outstanding compared to \$6,337,951 last year, representing a decrease of \$395,107. This decrease was due to a reduction of \$250,000 in notes/loans associated with the Maeser School Project plus a net reduction of other long term debt by \$145,107.

OUTSTANDING DEBT, AT YEAR-END

<u>Business Type</u>	<u>Totals</u>	
	<u>2005</u>	<u>2004</u>
Investment in Joint Ventures	\$ 1,442,017	\$ 1,721,895
Capital Improvements	330,042	305,305
Lookout Pointe Mortgage	2,065,785	2,135,751
Lookout Pointe Bond	<u>2,105,000</u>	<u>2,175,000</u>
	<u>\$ 5,942,844</u>	<u>6,337,951</u>

ECONOMIC FACTORS

Significant economic factors affecting the Authority are as follows:

- Federal funding of the Department of Housing and Urban Development
- Local labor supply and demand, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and therefore the amount of rental income
- Inflationary pressure on utility rates, supplies and other costs

FINANCIAL CONTACT

The individual to be contacted regarding this report is Donna Smith, Accountant, of the Provo City Housing Authority, at 801-852-7086. Specific requests may be submitted to Donna Smith, Accountant, Provo City Housing Authority, 650 West 100 North, Provo, Utah 84601.

FINANCIAL STATEMENTS

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PROVO CITY HOUSING AUTHORITY
Statement of Net Assets
September 30, 2005
With Comparative Totals for September 30, 2004

ASSETS	<u>Discretionary</u>	<u>Public Housing</u>
Current assets		
Cash and cash equivalents	\$ 46,833	\$ 100,677
HUD receivable		38,865
Receivables	71,743	7,326
Prepaid insurance		54,177
Due from other funds		243,132
Interest receivable	19,096	
Current portion notes receivable	10,434	
Other current assets	93,284	
Total current assets	<u>241,390</u>	<u>444,177</u>
Net capital assets	<u>1,202,661</u>	<u>7,700,511</u>
Noncurrent assets		
Investments in GNMA and MBIA	2,052,665	
Interest receivable Canyon View Partners, LLC	55,169	
Bond issuance costs, net of amortization		
Maeser school project	1,009,892	
Notes receivable, less current portion	987,154	
Equity investments tax credit projects	511,112	
Restricted cash and cash equivalents	4,195	62,665
Total noncurrent assets	<u>4,620,187</u>	<u>62,665</u>
Total assets	<u><u>\$ 6,064,238</u></u>	<u><u>\$ 8,207,353</u></u>

Vouchers	Lookout Pointe	Totals	
		2005	As Restated 2004
\$ 707,883	\$ 44,267	\$ 899,660	\$ 1,368,282
		38,865	83,757
	4,486	83,555	178,363
	8,768	62,945	63,958
		19,096	22,500
		10,434	9,803
		93,284	94,082
<u>707,883</u>	<u>57,521</u>	<u>1,207,839</u>	<u>1,820,745</u>
<u>161,417</u>	<u>1,976,976</u>	<u>11,041,565</u>	<u>11,099,048</u>
		2,052,665	2,121,119
		55,169	99,681
	54,978	54,978	58,310
		1,009,892	1,177,945
		987,154	997,589
		511,112	468,181
	220,838	287,698	262,153
<u></u>	<u>275,816</u>	<u>4,958,668</u>	<u>5,184,978</u>
<u>\$ 869,300</u>	<u>\$ 2,310,313</u>	<u>\$ 17,208,072</u>	<u>\$ 18,104,771</u>

PROVO CITY HOUSING AUTHORITY
Statement of Net Assets (Continued)
 September 30, 2005
 With Comparative Totals for September 30, 2004

LIABILITIES	<u>Discretionary</u>	<u>Public Housing</u>
Current liabilities		
Accounts payable	\$ 29,523	\$ 24,723
Interest payable	25,982	
Accrued liabilities	4,195	84,549
Deferred revenue	1,625	8,798
Due to other funds	119,826	
Notes payable		
HUD payable		
FSS escrow		17,935
Tenant security deposits		62,665
Current portion notes payable	27,379	
Current portion long-term debt	81,493	
Total current liabilities	<u>290,023</u>	<u>198,670</u>
Long-term liabilities		
Compensated absences		10,606
Notes payable	985,354	
Long-term debt	2,891,705	
Less current portion	(108,872)	
Total long-term liabilities	<u>3,768,187</u>	<u>10,606</u>
Total liabilities	<u>\$ 4,058,210</u>	<u>\$ 209,276</u>
 NET ASSETS		
Invested in capital assets, net of related debt	\$ 875,619	\$ 7,700,511
Restricted		
Escrow reserves		
Unrestricted	1,130,409	297,566
Total net assets (deficit)	<u>\$ 2,006,028</u>	<u>\$ 7,998,077</u>

Vouchers	Lookout Pointe	Totals	
		2005	As Restated 2004
	\$ 2,218	\$ 56,464	\$ 84,396
	10,501	36,483	58,193
\$ 25,149	7,258	121,151	108,182
	4,766	15,189	7,464
39,933	39,567		750,000
			335,149
34,782		34,782	212,045
177,969		195,904	100,441
	39,076	101,741	26,877
		27,379	152,003
	74,356	155,849	1,834,750
<u>277,833</u>	<u>177,742</u>	<u>744,942</u>	<u>1,834,750</u>
4,724		15,330	15,579
		985,354	495,158
	2,065,785	4,957,490	5,092,793
	(74,356)	(183,228)	(178,880)
<u>4,724</u>	<u>1,991,429</u>	<u>5,774,946</u>	<u>5,424,650</u>
<u>\$ 282,557</u>	<u>\$ 2,169,171</u>	<u>\$ 6,519,888</u>	<u>\$ 7,259,400</u>
\$ 161,417		\$ 8,737,547	\$ 8,719,031
	\$ 181,762	181,762	161,712
425,326	(40,620)	1,812,681	1,942,522
<u>\$ 586,743</u>	<u>\$ 141,142</u>		

Adjustment of unrestricted net assets due to elimination
of interfund activity with different year ends.

(43,806)

22,106

Unrestricted net assets as adjusted for eliminations.

1,768,875

1,964,628

Total net assets

\$ 10,688,184

\$ 10,845,371

PROVO CITY HOUSING AUTHORITY
Statement of Revenues, Expenses and changes in Net Assets
September 30, 2005

For the Year Ended September 30, 2005
With Comparative Totals for the Year Ended September 30, 2004

	Discretionary	Public Housing
Operating revenues		
HUD contributions	\$ 191,484	\$ 317,132
Management fees	23,689	
Dwelling rents	111,702	572,569
Other	40,232	36,157
Total operating revenues	<u>367,107</u>	<u>925,858</u>
Operating expenses		
Housing assistance payments		
General	239,629	994,458
Depreciation and amortization	33,631	378,940
Total operating expenses	<u>273,260</u>	<u>1,373,398</u>
Operating income (loss)	<u>93,847</u>	<u>(447,540)</u>
Non-operating income (expense)		
Interest income	192,410	4,997
Gain (loss) on disposal of equipment		(6,815)
Gain (loss) on disposal of project	(166,283)	
Interest expense	(172,156)	
Equity investments	(564)	
Total non-operating income (expense)	<u>(146,593)</u>	<u>(1,818)</u>
Capital contributions - HUD grants		358,717
Net income (loss)	<u>(52,746)</u>	<u>(90,641)</u>
Change in Net Assets		
Net assets - beginning of year as previously reported	2,092,023	8,087,846
Cumulative effect of prior period adjustment	<u>(33,249)</u>	<u>872</u>
Net assets - beginning of year, as restated	<u>2,058,774</u>	<u>8,088,718</u>
Net assets - end of year	<u><u>\$ 2,006,028</u></u>	<u><u>\$ 7,998,077</u></u>

Vouchers	Lookout Pointe	Totals	
		2005	As Restated 2004
\$ 4,331,741		\$ 4,840,357	\$ 4,873,384
		23,689	51,233
	\$ 583,010	1,267,281	1,186,084
19,023	25,138	120,550	68,549
<u>4,350,764</u>	<u>608,148</u>	<u>6,251,877</u>	<u>6,179,250</u>
3,789,369		3,789,369	3,899,060
511,815	370,138	2,116,040	2,033,734
8,258	114,630	535,459	512,446
<u>4,309,442</u>	<u>484,768</u>	<u>6,440,868</u>	<u>6,445,240</u>
41,322	123,380	(188,991)	(265,990)
14,622	779	212,808	227,167
		(6,815)	(7,725)
		(166,283)	(186,557)
	(127,991)	(300,147)	(318,963)
		(564)	(355)
<u>14,622</u>	<u>(127,212)</u>	<u>(261,001)</u>	<u>(286,433)</u>
		358,717	487,680
<u>55,944</u>	<u>(3,832)</u>	<u>(91,275)</u>	<u>(64,743)</u>
505,800	144,974	10,830,643	10,888,008
<u>24,999</u>		<u>(7,378)</u>	
<u>530,799</u>	<u>144,974</u>	<u>10,823,265</u>	<u>10,888,008</u>
<u>\$ 586,743</u>	<u>\$ 141,142</u>	10,731,990	10,823,265

Adjustment of unrestricted net assets due to elimination
of interfund activity with different year ends.

(43,806)

22,106

Total net assets

\$ 10,688,184

\$ 10,845,371

PROVO CITY HOUSING AUTHORITY
Statement of Cash Flows
For the Year Ended September 30, 2005
With Comparative Totals For the Year Ended September 30, 2004

	Discretionary	Public Housing
Cash flows from operating activities		
HUD contributions	\$ 191,484	\$ 361,152
Rents, fees and services	302,892	562,062
Housing assistance payments		
Payments to suppliers	(236,137)	(343,494)
Payments to employees	(28,016)	(671,248)
Net cash provided by (used for) operating activities	<u>230,223</u>	<u>(91,528)</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(3,737)	(369,636)
Proceeds from sale of capital assets		1,347
Proceeds from issuance of debt	35,697	
Proceeds from capital grants		358,717
Principal payments on debt	(101,034)	
Principal payments on note payable	(759,803)	
Interest paid on debt	(193,510)	
Net cash provided by (used for) capital and related financing activities	<u>(1,022,387)</u>	<u>(9,572)</u>
Cash flows from investing activities		
Payments received on notes receivable	9,803	
Investment in MBIA and GNMA bonds	69,252	
Investment in tax credit projects	501,775	
Interest income	196,827	4,997
Net cash provided by (used for) investing activities	<u>777,657</u>	<u>4,997</u>
Net increase (decrease) in cash	(14,507)	(96,103)
Cash and cash equivalents at beginning of year	65,535	259,445
Cash and cash equivalents at end of year	<u>\$ 51,028</u>	<u>\$ 163,342</u>
Reconciliation to operating income		
Operating income (loss)	\$ 93,847	\$ (447,540)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	33,631	378,940
Prior period adjustment	(33,249)	872
(Increase) decrease in accounts receivable	124,729	47,393
(Increase) decrease in deposits		1,286
(Increase) decrease in due from other funds	1,199	(55,064)
Increase (decrease) in accounts payable	(7,923)	(17,304)
Increase (decrease) in accrued liabilities	2,011	(111)
Increase (decrease) in due to other funds	15,978	
Net cash provided by (used for) operating activities	<u>\$ 230,223</u>	<u>\$ (91,528)</u>
Reconciliation of total cash and cash investments		
Cash and cash equivalents	\$ 46,833	\$ 100,677
Restricted cash and cash equivalents	4,195	62,665
Total cash and restricted cash	<u>\$ 51,028</u>	<u>\$ 163,342</u>

Supplemental information

The Housing Authority forgave \$43,499 of interest receivable from Canyon View Partners, LLC in exchange for an additional \$43,499 equity interest.

Vouchers	Lookout Pointe	Totals	
		2005	As Restated 2004
\$ 4,056,719		\$ 4,609,355	\$ 4,858,776
19,023	\$ 584,648	1,468,625	1,287,296
(3,789,369)	26,578	(3,762,791)	(3,924,059)
(70,258)	(242,856)	(892,745)	(1,043,211)
(469,577)	(155,029)	(1,323,870)	(935,480)
(253,462)	213,341	98,574	243,322
(95,872)	(13,561)	(482,806)	(481,512)
		1,347	205,285
		35,697	825,700
		358,717	487,680
	(69,967)	(171,001)	(125,837)
		(759,803)	(503,063)
	(128,347)	(321,857)	(296,583)
(95,872)	(211,875)	(1,339,706)	111,670
		9,803	9,326
		69,252	59,515
			(900,246)
14,622	779	217,225	186,486
14,622	779	296,280	(644,919)
(334,712)	2,245	(443,077)	(289,927)
1,042,595	262,860	1,630,435	1,920,362
\$ 707,883	\$ 265,105	\$ 1,187,358	\$ 1,630,435
\$ 41,322	\$ 123,380	\$ (188,991)	\$ (258,612)
8,258	114,630	535,459	512,446
24,999		(7,378)	78,260
	(391)	171,731	(132,753)
	750	2,036	7,981
346		(53,519)	44,094
(325,366)	1,535	(349,058)	8,213
(2,349)	790	341	(23,373)
(672)	(27,353)	(12,047)	7,066
\$ (253,462)	\$ 213,341	\$ 98,574	\$ 243,322
\$ 707,883	\$ 44,267	\$ 899,660	\$ 1,406,608
	220,838	287,698	223,827
\$ 707,883	\$ 265,105	\$ 1,187,358	\$ 1,630,435

NOTES TO FINANCIAL STATEMENTS

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Provo City Housing Authority ("The Housing Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to government units in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements, in which case GASB prevails. The more significant government accounting policies followed by the Housing Authority are described below.

The Housing Authority accounts for its operations in enterprise funds, similar to a private business enterprise. The intent of the governing body is that the costs of providing goods and services to the public on a continuing basis be financed or recovered primarily through charges for services and contributions from the U.S. Department of Housing and Urban Development.

Reporting Entity

The Housing Authority has one component unit (as determined by GASB 39), Lookout Pointe Management, Inc., described in Note 13. The activity of Lookout Pointe has been included in the financial statements of the Housing Authority. The Housing Authority is not a component unit of Provo City Corporation. While the Board of Commissioners is selected by the Mayor and approved by the City Council, there is no financial interdependency. Once appointed, the Board of Commissioners exercises all oversight responsibility including but not limited to matters of personnel, management, finances, and budget. The Board of Commissioners and executive branch consist of the following:

Board of Commissioners		Term Expiration
Gregory A. Hudnall	Chairperson	June 30, 2009
Marvin Watt	Vice Chairperson	June 30, 2009
Julia Jacobs	Commissioner	June 30, 2009
Kathy Froerer	Commissioner	June 30, 2008
Phillip Kunz	Commissioner	June 30, 2006
Cindy Richards	Commissioner	June 30, 2007
Douglas J. Carlson	Secretary	

Executive Branch

Douglas J. Carlson	Executive Director
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PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Basis of Presentation

The financial statements report information on all of the activities of the Housing Authority. The Housing Authority segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The effect of interfund activity has been removed from the total column in these statements.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determinations of net income, financial position and cash flow. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recognized at the time the liability is incurred. All assets and liabilities are included on the Statement of Net Assets.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods or services in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, materials and supplies, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgeting

The Housing Authority's governing board adopts a budget for each fiscal year prior to the beginning of each year. These budgets are amended during the fiscal year as the Board deems necessary to accommodate current operations and are accepted by official vote of the Board.

Capital Assets

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (equipment 3-10 years, improvements 15 years, and buildings 40 years).

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (continued)

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in the income for the period. The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

The Housing Authority capitalizes all capital expenditures in excess of \$350, except tenant equipment, such as fridges and ranges, which are always capitalized for inventory purposes.

Compensated Absences

Full-time, permanent employees are granted vacation benefits in varying amounts. Sick leave accrues to full-time permanent employees to specified maximums. Employees are entitled to a percentage of their sick leave balance and all accrued vacation leave upon termination. The amounts are charged to an expense and a corresponding liability.

Equity Method Investments

Net equity interest in joint ventures is reported on the statement of net assets as investments in tax credit programs. The Housing Authority's share of net income or loss, as calculated in accordance with the joint venture agreement, is reported as a line item in the operating statement.

Cash and Investments

Cash consists of amounts in demand deposits and certificates of deposit. The Housing Authority considers all highly liquid investments maturing within three months to be cash equivalents. Cash balances are invested to the extent available. Investments include obligations of the U.S. Treasury, commercial paper, corporate bonds and purchase agreements. Investments are stated at cost, which approximates fair market value.

Short-term Interfund Receivables/Payables

During the course of operations, transactions occur which result in amounts owed to a particular fund by another fund, other than for goods provided or services rendered. These receivables and payables are due within a year and are classified as "due to and due from other funds" on the Statement of Net Assets. These amounts have been eliminated in the total column.

PROVO CITY HOUSING AUTHORITY
Notes to Financial Statements
September 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Housing Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Housing Authority first utilizes restricted resources to finance qualifying activities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. The amounts reclassified are not material to the financial statements.

NOTE 2 – CASH AND CASH EQUIVALENTS

The Housing Authority's deposits and investing are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

Custodial Credit Risk – Deposit

The custodial credit risk for deposits is the risk that in the event of a bank failure, the Housing Authority's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the State Commissioner Financial Institutions as meeting requirements of the Act and adhering to the rules of the Utah Money Management Council.

The deposits in the bank in excess of the insured amount are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. As of September 30, 2005, \$958,515 of the Housing Authority's bank balance of \$1,258,515 is exposed to custodial credit risk as uninsured and uncollateralized. The carrying amount of the deposits at September 30, 2005 is \$1,170,919.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transaction. Investment transaction may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Services or Standard & Poor’s; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The Housing Authority’s investments at September 30, 2005 are presented below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
Utah Public Treasurer's Investment Fund	\$ 8,120	\$ 8,120			
Government National Mortgage Association	2,103,160				\$ 2,103,160
Municipal Bond Insurance Association	62,271				62,271
Total Debt Securities	<u>\$ 2,173,551</u>	<u>\$ 8,120</u>			<u>\$ 2,165,431</u>

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

The Housing Authority's policy for managing interest rate risk is to comply with the State's Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Housing Authority follows the Money Managements Act as previously discussed as its policy for reducing exposure to investment credit risk.

The Housing Authority's investments and quality ratings at September 30, 2005 are presented below:

Investment Type	Fair Value	Quality Ratings			
		AAA	AA	A	Unrated
Utah Public Treasurer's Investment Fund	\$ 8,120				\$ 8,120
Government National Mortgage Association	2,103,160				2,103,160
Municipal Bond Insurance Association	62,272		\$ 62,272		
Total investments	\$ 2,173,552		\$ 62,272		\$ 2,111,280

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the Housing Authority will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The Housing Authority does not have a formal policy for custodial credit risk.

Most of the Housing Authority's investments at September 30, 2005 were with Government National Mortgage Association (GNMA), which are federal government mortgage backed securities. The investments are held in a Zion's Bank Corporate Trust account, of which \$100,000 is covered by FDIC insurance.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 2 – CASH AND CASH EQUIVALENTS (CONTINUED)

The Housing Authority's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

Most of the Housing Authority's investments at September 30, 2005 were with GNMA, which are federal government mortgage backed securities, and therefore, are not categorized as to concentration of credit risk.

NOTE 3 – CAPITAL ASSETS

Changes in capital assets are as follows

	10/1/04	Additions	Disposals	9/30/05
Land - not being depreciated	\$ 3,095,535	\$ 47,535		\$ 3,143,070
Buildings	14,926,058	416,916		15,342,974
Equipment	791,695	18,356	(43,015)	767,036
Accumulated depreciation	(7,714,240)	(532,127)	34,852	(8,211,515)
Net capital assets	<u>\$ 11,099,048</u>	<u>\$ (49,320)</u>	<u>\$ (8,163)</u>	<u>\$ 11,041,565</u>

NOTE 4 – LONG TERM DEBT

The Authority issued Multifamily Housing Revenue Bonds Issue 1997. These bonds consist of two term bonds. The first issue was \$1,875,000 at 5.80%, maturing July 2022 and the second issue was \$665,000 at 6%, maturing July 2008, for a total of \$2,540,000. The Lookout Pointe real estate is collateral for the bond payable. The bond proceeds were invested in GNMA and MBIA government bonds. The fair value at September 30, 2005 was \$2,165,432.

During the 2000 fiscal year, the Authority entered into an agreement with Wasatch Mental Health, to purchase Wasatch Mental Health's equity in a 24 unit apartment complex. The total purchase was funded with tax credit monies and payment of initial costs, by Wasatch Mental Health. The Authority acquired Wasatch Mental Health's equity by issuance of a note for \$533,056 at 5% interest, payable in full, April 2030. The Authority then sold the apartment complex to Maplevue Apartments II, L.L.C.,

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 4 – LONG TERM DEBT (CONTINUED)

an entity in which the Authority is the managing member (See Note 12). The Authority has a receivable from Mapleview Apartments II, L.L.C., for the same amount and terms as the note payable to Wasatch Mental Health. The note is secured by the building.

On July 8, 1997 Lookout Pointe Management, Inc., entered into an agreement with Capstone Realty to refinance the Lookout Pointe apartment complex mortgage. The principal loan amount was \$2,540,000 with an annual interest rate of 6.1%, consisting of 300 monthly payments of \$16,526 which includes \$4,491 in tax, insurance and replacement reserves. At the closing of the refinance, \$488,875 was placed in replacement reserves. The Capstone mortgage is collateralized by the GNMA and MBIA government bonds, which are owned by the Housing Authority.

On May 10, 2000 the Housing Authority entered into an agreement with Provo City Redevelopment Agency to finance the land acquisition for the Canyon View elderly housing project. The loan from the Redevelopment Agency is \$512,234 at 0% interest, payable in full in August 2032, secured by the land. The Housing Authority sold the property to Canyon View Partners, LLC, a tax credit project in which they are the managing member (see Note 12). The Housing Authority is financing the sale to Canyon View Partners, LLC, with a note for \$512,234 at 5.98% interest, payable in full in August 2032, secured by the land.

On October 23, 2002, the Housing Authority entered into an agreement with Provo City Redevelopment Agency to finance the renovation of two apartment buildings in Provo, Utah. The construction loan from the Redevelopment Agency is \$352,761 at 3% interest. Payments are scheduled 60 days after the receipt of the Certificate of Occupancy from Provo City. The loan is secured by the land and building.

In February 2004, the Housing Authority entered into a loan agreement with Provo City to use Community Development Block Grant funds for the Maeser School Apartment Project. The loan of \$200,000 will be repaid over a period of thirty (30) years and bears no interest. Repayments are expected to begin in the year 2013. The loan is secured by the land.

In April 2005, the Housing Authority entered into a loan agreement with the Utah Valley Consortium of Cities and County to use HOME programs funds for the Maeser School Apartment Project. The loan of \$300,000 bears no interest and will be repaid from the projects available cash flow over a period of thirty (30) years with a sixteen (16) year call. Repayments are expected to begin in the year 2013. The loan is secured by the land.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 4 — LONG TERM DEBT (CONTINUED)

The following is a schedule of long-term debt maturities by year:

Year	Debt	
	Principal	Interest
2006	\$ 183,228	\$ 279,027
2006	198,651	269,255
2007	204,519	258,587
2008	220,737	247,463
2009	227,326	235,674
2010-2014	1,393,478	976,015
2015-2019	1,878,724	554,298
2020-2024	1,057,689	104,257
2025-2029	329,010	25,647
2030-2034	116,148	2,201
2035-2039	83,334	
2040-2044	50,000	
Total	5,942,844	2,952,424
Less current portion	(183,228)	(279,027)
Total long-term debt	\$ 5,759,616	\$ 2,673,397

Long-term liability activity for the year ended September 30, 2005 is summarized as follows

	Balance 10/1/04	Additions	Reductions	Balance 9/30/05	Due within one year
Discretionary					
Wasatch Mental Health	\$ 495,158		\$ 9,803	\$ 485,355	\$ 10,305
Supportive Housing	305,305	\$ 35,697	13,961	327,041	11,493
Multifamily Revenue Bonds	2,175,000		70,000	2,105,000	70,000
Canyon View	476,736		17,073	459,663	17,074
Maeser Project		500,000		500,000	
Lookout Pointe					
PFC Mortgage Payable	2,135,752		69,967	2,065,785	74,356
Total	\$ 5,587,951	\$ 535,697	\$ 180,804	\$ 5,942,844	\$ 183,228

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 5 – ECONOMIC DEPENDENCY

Approximately 87% of the Housing Authority's revenue for operations is provided by one federal government agency - The Department of Housing and Urban Development.

NOTE 6 – PRIOR PERIOD ADJUSTMENTS

Prior period adjustments for the 2005 fiscal year consist of adjustments made by HUD, to FSS expenses charged to prior years which have either been recomputed or have been refunded to the Housing Authority. The amounts are \$872 for Public Housing, \$24,999 for Vouchers, and (\$33,249) for Discretionary.

NOTE 7 – INTERFUND ASSETS AND LIABILITIES

The individual funds with interfund receivable/payable balances at September 30, 2005 and the balances related to Lookout Pointe at December 31, 2005 are as follows:

	September 30, 2005		December 31, 2005	
	Receivable	Payable	Receivable	Payable
Discretionary		\$ 119,826		
Public Housing	\$ 243,132		\$ 39,567	
Vouchers		39,933		
Lookout Pointe		83,373		\$ 39,567
Total	<u>\$ 243,132</u>	<u>\$ 243,132</u>	<u>\$ 39,567</u>	<u>\$ 39,567</u>

The interfund receivable/payable has been eliminated in the total column on the Statement of Net Assets.

NOTE 8 – RETIREMENT PLANS

The Housing Authority contributes to the Local Governmental Contributory Retirement System and the Local Governmental Noncontributory System. These retirement systems are a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the *Utah Code* Annotated 1958 (Chapter 49) as amended, which also establishes the Utah State Retirement Office

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 8 – RETIREMENT PLANS (CONTINUED)

(Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement System, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Under the contributory system, the Authority paid both the employer and employee portions of the required plan contributions for eligible employees totaling 13.08% for the fiscal year. Under the noncontributory system the Authority contributed 11.09% of eligible employees' earnings for the fiscal year. The contribution rates are actuarially determined rates and are approved by the Board as authorized by Chapter 49. The Executive Director has the option of not being covered under this plan. He may have the Housing Authority's retirement contributions made to a qualified retirement plan of his choice.

The Housing Authority's contributions to the various systems for the years ending September 30, 2005, 2004 and 2003 respectively were; for the Contributory System \$11,928, \$13,809, and \$15,514; and \$68,563, \$59,452, and \$48,761, for the Noncontributory System, respectively. The contributions were equal to the required contributions for each year.

The Authority also participates in a 401A retirement plan administered by ICMA. This plan meets the requirements of a qualified plan under section 401A of the Internal Revenue Code and covers all eligible employees. Under the plan, the Authority contributes 12.88% of eligible earnings for employees. The Authority's expenditures for this plan for the 2005 fiscal year was \$83,116, with a covered payroll of \$788,368. Employees are 100% vested in all contributions made to this plan. As noted above, the Executive Director may have contributions made to the 401A plan in lieu of the Utah State Retirement System. Additional contributions in the amount of \$9,236 were made to the plan under this option.

NOTE 9 – DEFERRED COMPENSATION PLAN

Provo City Housing Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all eligible employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the participants or their beneficiaries by Utah Retirement Systems.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 10 – RELATED PARTY TRANSACTIONS

Provo City Housing Authority maintains all of the accounting records for Provo Westgate, Crimson Court, Maple View Apartments II, Canyon View Partners, and Provo Crown I. All revenues are deposited into the Housing Authority's accounts and all expenses are paid by Provo City Housing Authority checks. A receivable or payable is maintained in Discretionary Housing for each account showing the amounts that are due to or from each entity. At September 30, 2005, there were no amounts due among the entities. See note 12 for additional information about the entities.

NOTE 11 – CONTINGENT LIABILITY

Provo City Housing Authority is obligated for the loan to Provo City Redevelopment Agency for Provo Westgate Apartments, L.C. (as referred to in Note 12) if Provo Westgate defaults on the loan. The loan is in Provo Housing's name but was transferred to Provo Westgate upon the establishment of the limited liability company.

NOTE 12 – EQUITY INTEREST IN JOINT VENTURES

The Housing Authority is a party to a joint venture with Wells Fargo Bank. The joint venture, Provo Westgate Apartments, L.C., was created to provide low-income housing for the clientele of The Center for Women and Children in Crisis. Provo City Housing Authority, a one-percent member, is the managing member in the limited liability company and manages the rental units. Summarized information for the entity is as follows:

Assets	\$ 516,377
Liabilities	<u>(157,549)</u>
Equity	<u>\$ 358,828</u>
Revenues	\$ 53,660
Expenses before depreciation	<u>43,450</u>
Net income before depreciation	10,210
Depreciation	<u>(31,710)</u>
Net loss	<u>\$ (21,500)</u>

The Housing Authority's capital account equaled \$328,134 on December 31, 2005.

On December 31, 2005, Provo Westgate Apartment, LC was obligated for mortgage loans in the amount of \$97,534 to Provo City Redevelopment Agency at 0% interest and \$43,696 to Wells Fargo Bank at 8.53% interest.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 12 – EQUITY INTEREST IN JOINT VENTURES (CONTINUED)

The Housing Authority is also a party to a joint venture with Zion's Bank. The joint venture, Crimson Court, L.C., was created to provide low-income housing to residents of Provo, Utah. The Housing Authority, a one-percent member, is the managing member in the limited liability company and manages the rental units. Summarized information for the entity is as follows:

Assets	\$ 408,722
Liabilities	<u>(192,761)</u>
Equity	<u>\$ 215,961</u>
Revenues	\$ 42,272
Expenses before depreciation	<u>(25,085)</u>
Net income before depreciation	17,187
Depreciation	<u>(24,129)</u>
Net loss	<u>\$ (6,942)</u>

The Housing Authority's capital account equaled \$54,956 on December 31, 2005.

On December 31, 2005, Crimson Court, L.C. was obligated for a mortgage loan in the amount of \$181,348 to Provo City Redevelopment Agency at 0% interest.

The Housing Authority is also a party to a joint venture with American Express Financial Services. The joint venture, Provo Crown I, was created to provide low-income housing with a rent to own option. The homes will be rented for fifteen years and then sold to the renters. The Housing Authority, a one-percent member, is the managing member in the limited liability company and manages the rental units. Summarized information for the entity is as follows:

Assets	\$ 654,571
Liabilities	<u>(330,320)</u>
Equity	<u>\$ 324,251</u>
Revenues	\$ 36,702
Expenses before depreciation	<u>(29,056)</u>
Net income before depreciation	7,646
Depreciation	<u>(25,598)</u>
Net loss	<u>\$ (17,952)</u>

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 12 – EQUITY INTEREST IN JOINT VENTURES (CONTINUED)

The Housing Authority's capital account equaled \$31,487 on December 31, 2005.

On December 31, 2005, Provo Crown I was obligated for a fifteen year deferred payment loan in the amount of \$156,000 to Provo City Redevelopment Agency at 0% interest and \$163,721 to Utah Housing Finance at 8% interest.

The Housing Authority is also a party to a joint venture with JP Morgan Capital Corporation. The joint venture, Mapleview Apartments II, L.L.C., was created to provide low-income housing to mentally ill individuals. The Housing Authority, a one-tenth of one-percent member, is the managing member in the limited liability company and manages the rental units. Summarized information for the entity is as follows:

Assets	\$ 1,326,310
Liabilities	(538,687)
Equity	<u>\$ 787,623</u>
Revenues	\$ 137,147
Expenses before depreciation	(94,234)
Net income before depreciation	42,913
Depreciation	(60,841)
Net loss	<u>\$ (17,928)</u>

The Housing Authority's capital account equaled \$330 on December 31, 2005.

On December 31, 2005, Mapleview Apartments II, L.L.C., was obligated for a thirty year note in the amount of \$482,826 to Provo City Housing Authority at 5% interest.

The Housing Authority is also a party to a joint venture with JP Morgan Capital Corporation and American Express Utah Equity Fund. The joint venture, Canyon View Partners LLC, was created to provide low-income housing to the elderly. The Housing Authority, a one-tenth of one-percent member, is the managing member in the limited liability company and manages the entity. Summarized information for the entity is as follows:

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 12 – EQUITY INTEREST IN JOINT VENTURES (CONTINUED)

Assets	\$ 2,795,100
Liabilities	<u>(1,194,009)</u>
Equity	<u>\$ 1,601,091</u>
Revenues	\$ 178,914
Expenses before depreciation	<u>(166,883)</u>
Net income before depreciation	12,031
Depreciation	<u>(98,855)</u>
Net loss	<u>\$ (86,824)</u>

The Housing Authority's capital account equaled \$96,205 at December 31, 2005.

On December 31, 2005 Canyon View Partners was obligated for a thirty year loan in the amount of \$512,234 to the Housing Authority at 5.98% interest. They are obligated for a thirty year HOME loan in the amount of \$166,321 from Provo City Redevelopment Agency at 3% interest. They are obligated for a thirty year loan in the amount of \$188,696 from the Olene Walker Housing Trust Fund at 2% interest. They are obligated for a fifteen year loan in the amount of \$233,677 from Utah Community Reinvestment Corporation.

The Housing Authority, as the managing member of the joint ventures, is responsible for the day to day operations. They are also responsible to insure the entities comply with tax credit regulations required by the Internal Revenue Code.

NOTE 13 – LOOKOUT POINTE

Lookout Pointe Management, Inc. was incorporated under the State of Utah Nonprofit Corporation and Co-operative Association Act on March 14, 1997. Prior to this time, it was operated as part of the Housing Authority. Lookout Pointe is a blended component unit of Provo City Housing Authority. Lookout Pointe is a calendar year reporting entity. The financial data reported in the Housing Authority's financial statements is reported as of December 31, 2005. Lookout Pointe was formed with the intention of operating as an organization that would qualify as a corporation described in Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has approved Lookout Pointe's 501(c)(3) exemption. Separately issued financial statements of Lookout Pointe Inc., are available from the Housing Authority.

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 14 – RISK MANAGEMENT

The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, workers compensation risks, and natural disasters for which the Housing Authority carries commercial insurance and commercial workers' compensation insurance. There were no significant reductions in coverage from the prior year, and settlement claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 15 – CONSTRUCTION COMMITMENT

The Housing Authority has begun construction and renovation on the historic Maeser Building. The work began in July 2003 and it is expected that construction will be completed by November 2006. Estimated costs on the project are \$4,300,000. The project will provide housing to the elderly.

NOTE 16 – NET ASSETS

Net assets at December 31, 2005 consisted of the following:

	<u>Public Housing</u>	<u>Vouchers</u>	<u>Discretionary</u>	<u>Lookout Pointe</u>
Invested in capital assets, net of related debt:				
Property, plant, and equipment, net	\$ 7,700,511	\$ 161,417	\$ 1,202,661	\$ 2,074,712
Outstanding debt issued to construct capital assets			(327,042)	(2,074,712)
Total invested in capital assets, net of related debt	<u>\$ 7,700,511</u>	<u>\$ 161,417</u>	<u>\$ 875,619</u>	<u>\$ - 0 -</u>
Restricted net assets:				
GNMA and MBLA debt reserves			\$ 2,145,949	
less outstanding debt			(2,145,949)	
Restricted in escrow reserves				\$ 181,762
Total restricted net assets	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 181,762</u>
Unrestricted net assets (deficit):	<u>\$ 297,566</u>	<u>\$ 425,326</u>	<u>\$ 1,130,409</u>	<u>\$ (40,620)</u>
Total net assets	<u>\$ 7,998,077</u>	<u>\$ 586,743</u>	<u>\$ 2,006,028</u>	<u>\$ 141,142</u>

PROVO CITY HOUSING AUTHORITY

Notes to Financial Statements

September 30, 2005

NOTE 17 – SUBSEQUENT EVENT

In November 2005, the Housing Authority's Board of Commissioners created the Provo Non-Profit Housing Development Corporation (PNPHD). The PNPHD was formed with the intention of operating as an organization that would qualify as a corporation described in section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has approved the PNPHD's 501(c)(3) exemption. It is the intent of the board that the PNPHD will be the manager of the Maeser tax credit project when it becomes operational and will be responsible for the day to day operations and the tax credit compliance requirements. It is anticipated that the project will be operational in 2006.

SUPPLEMENTAL INFORMATION

PROVO CITY HOUSING AUTHORITY
DISCRETIONARY
Statement of Net Assets
September 30, 2005
With Comparative Totals for September 30, 2004

ASSETS

	2005	2004 As Restated
Current assets		
Cash and cash equivalents	\$ 46,833	\$ 65,535
Receivables	71,743	163,223
Due from other funds		1,199
Interest receivable	19,096	22,500
Current portion note receivable	10,434	9,803
Other current assets	93,284	94,082
Total current assets	<u>241,390</u>	<u>356,342</u>
Net capital assets	<u>1,202,661</u>	<u>1,232,556</u>
Noncurrent assets		
Investment in MBIA bonds	62,272	62,613
Investment in GNMA bonds	1,990,393	2,152,588
Interest receivable Canyon View Partners, LLC	55,169	99,681
Tenant security deposits	4,195	
Maeser school project	1,009,892	1,177,945
Note receivable Mapleview LLC	485,354	495,158
Note receivable Canyon View Partners, LLC	512,234	512,234
Equity investments tax credit projects	511,112	468,181
Less current portion note receivable	(10,434)	(9,803)
Total noncurrent assets	<u>4,620,187</u>	<u>4,958,597</u>
Total assets	<u>\$ 6,064,238</u>	<u>\$ 6,547,495</u>

LIABILITIES

Current liabilities		
Accounts payable	\$ 29,523	\$ 37,446
Interest payable	25,982	47,336
Tenant security deposits	4,195	3,525
Deferred revenues	1,625	284
Due to other funds	119,826	103,848
Note payable Provo School District		240,000
Note payable E.S.I.C.		510,000
Current portion notes payable	27,379	26,877
Current portion long term debt	81,493	82,036
Total current liabilities	<u>290,023</u>	<u>1,051,352</u>
Noncurrent liabilities		
Note payable Wasatch Mental Health	485,354	495,158
Note Payable Maeser School Project	500,000	
Long term debt	2,891,705	2,957,042
Less current portion	(108,872)	(108,913)
Total noncurrent liabilities	<u>3,768,187</u>	<u>3,343,287</u>
Total liabilities	<u>\$ 4,058,210</u>	<u>\$ 4,394,639</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 875,619	\$ 927,251
Unrestricted	1,130,409	1,131,523
Total net assets	<u>\$ 2,006,028</u>	<u>\$ 2,058,774</u>

PROVO CITY HOUSING AUTHORITY
DISCRETIONARY
Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual
For the Year Ended September 30, 2005
With Comparative Totals for the Year Ended September 30, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	As Restated
Operating revenues				
HUD contributions	\$ 147,730	\$ 191,484	\$ 43,754	\$ 156,629
Management fees	18,500	23,689	5,189	51,233
Dwelling rents	98,320	111,702	13,382	106,230
Other fees and services		40,232	40,232	
Total operating revenues	<u>264,550</u>	<u>367,107</u>	<u>102,557</u>	<u>314,092</u>
Operating expenses				
General	242,073	239,629	2,444	189,288
Depreciation		33,631	(33,631)	32,201
Total operating expenses	<u>242,073</u>	<u>273,260</u>	<u>(31,187)</u>	<u>221,489</u>
Operating income	<u>22,477</u>	<u>93,847</u>	<u>71,370</u>	<u>92,603</u>
Nonoperating income (expense)				
Interest income	131,000	192,410	61,410	217,189
Interest expense	(153,477)	(172,156)	(18,679)	(186,821)
Equity investments		(564)	(564)	(355)
Loss on sale of Maeser/Franklin project		(166,283)	(166,283)	(186,557)
Total nonoperating expense	<u>(22,477)</u>	<u>(146,593)</u>	<u>(124,116)</u>	<u>(156,544)</u>
Net loss		(52,746)	<u>\$ (52,746)</u>	(63,941)
Change in Net Assets				
Net assets - beginning of year as previously reported	2,092,023	2,092,023		2,122,715
Cumulative effect of prior period adjustment		(33,249)		
Net assets - beginning of year as restated	2,092,023	2,058,774		2,122,715
Net assets - end of year	<u>\$ 2,006,028</u>	<u>\$ 2,006,028</u>		<u>\$ 2,058,774</u>

NOTE: IN THIS FUND THE HOUSING AUTHORITY ONLY ESTABLISHES
BUDGETS FOR HUD PROGRAMS.

PROVO CITY HOUSING AUTHORITY
DISCRETIONARY
Statement of Cash Flows
For the Year Ended September 30, 2005
With Comparative Totals for the Year Ended September 30, 2004

	2005	2004
Cash flows from operating activities		
HUD contributions	\$ 191,484	\$ 97,702
Management fees	189,849	51,233
Dwelling rents	113,043	105,394
Payments to employees	(28,016)	(25,899)
Payments to suppliers	(236,137)	(45,169)
Net cash provided by operating activities	<u>230,223</u>	<u>183,261</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(3,737)	(63,971)
Interest paid on debt	(193,510)	(164,107)
Proceeds from issuance of debt	35,697	825,700
Proceeds from sale of capital assets		201,268
Principal payments on debt	(101,034)	(60,000)
Principal payments on notes payable	(759,803)	(503,063)
Net cash provided by (used for) capital and related financing activities	<u>(1,022,387)</u>	<u>235,827</u>
Cash flows from investing activities		
Payments received on note receivable	9,803	9,326
Interest income	196,827	176,508
Investment in MBIA and GNMA bonds	69,252	59,515
Investment in tax credit projects	501,775	(900,246)
Net cash provided by (used for) investing activities	<u>777,657</u>	<u>(654,897)</u>
 Net changes in cash and cash equivalents	 (14,507)	 (235,809)
Cash and cash equivalents October 1	<u>65,535</u>	<u>301,344</u>
Cash and cash equivalents September 30	<u>\$ 51,028</u>	<u>\$ 65,535</u>
Reconciliation of change in net assets to net cash from operations		
Operating income	\$ 93,847	\$ 92,603
Adjustments to reconcile change in income to net cash provided by operating activities		
Depreciation	33,631	32,201
Prior period adjustment	(33,249)	
Increase/decrease in		
Accounts receivable	124,729	(58,927)
Due from other funds	1,199	7,406
Accounts payable	(7,923)	24,261
Accrued liabilities	670	(225)
Deferred revenues	1,341	(836)
Due to other funds	15,978	86,778
Net cash provided by operating activities	<u>\$ 230,223</u>	<u>\$ 183,261</u>

Supplemental information

The Housing Authority forgave \$43,499 of interest receivable from Canyon View Partners, LLC in exchange for an additional \$43,499 equity interest.

**PROVO CITY HOUSING AUTHORITY
VOUCHERS**

Statement of Net Assets

September 30, 2005

With Comparative Totals for September 30, 2004

ASSETS

	2005	2004 As Restated
Current assets		
Cash and cash equivalents	\$ 707,883	\$ 1,042,595
Accounts receivable		346
Total current assets	707,883	1,042,941
Net capital assets	161,417	73,803
Total assets	<u>\$ 869,300</u>	<u>\$ 1,116,744</u>

LIABILITIES

Current liabilities		
Accrued liabilities	\$ 25,149	\$ 21,801
FSS escrow	177,969	182,369
HUD payable	34,782	335,149
Due to other funds	39,933	40,605
Total current liabilities	<u>277,833</u>	<u>579,924</u>
Noncurrent liabilities		
Compensated absences	4,724	6,021
Total noncurrent liabilities	<u>4,724</u>	<u>6,021</u>
Total liabilities	<u>\$ 282,557</u>	<u>\$ 585,945</u>

NET ASSETS

Invested in capital assets, net of related debt	\$ 161,417	\$ 73,803
Unrestricted	425,326	456,996
Total net assets	<u>\$ 586,743</u>	<u>\$ 530,799</u>

**PROVO CITY HOUSING AUTHORITY
VOUCHERS**
Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual
For the Year Ended September 30, 2005
With Comparative Totals for the Year Ended September 30, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	As Restated
Operating revenues				
HUD annual contribution	\$ 3,932,206	\$ 3,853,005	\$ (79,201)	\$ 3,978,086
HUD administrative fee	437,092	478,736	41,644	443,598
Recovery funds	40,000	19,023	(20,977)	13,311
Total operating revenues	4,409,298	4,350,764	(58,534)	4,434,995
Operating expenses				
Housing assistance payments	3,887,562	3,789,369	98,193	3,899,060
Administration	469,578	471,631	(2,053)	466,508
General	52,158	40,184	11,974	59,316
Depreciation		8,258	(8,258)	6,742
Total operating expenses	4,409,298	4,309,442	99,856	4,431,626
Net operating income (loss)		41,322	41,322	3,369
Nonoperating income (expense)				
Interest income		14,622	14,622	6,939
Loss on disposal of equipment				(2,145)
Total nonoperating income (expense)		14,622	14,622	4,794
Net income (loss)		55,944	\$ 55,944	8,163
Change in Net Assets				
Net assets - beginning of year as previously reported	505,800	505,800		522,636
Cumulative effect of prior period adjustment		24,999		
Net assets - beginning of year as restated	505,800	530,799		522,636
Net assets - end of year	\$ 505,800	\$ 586,743		\$ 530,799

NOTE: IN THIS FUND THE HOUSING AUTHORITY ONLY
ESTABLISHES BUDGETS FOR HUD PROGRAMS.

**PROVO CITY HOUSING AUTHORITY
VOUCHERS**

Statement of Cash Flows

For the Year Ended September 30, 2005

With Comparative Totals for the Year Ended September 30, 2004

	2005	2004
Cash flows from operating activities		
HUD contributions	\$ 4,056,719	\$ 4,449,717
Other revenues	19,023	13,311
Housing assistance payments	(3,789,369)	(3,924,059)
Payments to employees	(469,577)	(395,158)
Payments to suppliers	(70,258)	(182,412)
Net cash used for operating activities	<u>(253,462)</u>	<u>(38,601)</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(95,872)	(5,972)
Proceeds from sale of capital assets		302
Net cash used for capital and related financing activities	<u>(95,872)</u>	<u>(5,670)</u>
Cash flow from investing activities		
Interest income	14,622	6,939
Net cash provided by investing activities	<u>14,622</u>	<u>6,939</u>
 Net changes in cash and cash equivalents	 (334,712)	 (37,332)
Cash and cash equivalents October 1	1,042,595	1,079,927
Cash and cash equivalents September 30	<u>\$ 707,883</u>	<u>\$ 1,042,595</u>
 Cash and cash equivalents	 \$ 707,883	 \$ 1,042,595
Total cash and cash equivalents	<u>\$ 707,883</u>	<u>\$ 1,042,595</u>
 Reconciliation of changes in net assets to net cash from operations		
Operating income (loss)	\$ 41,322	\$ 3,369
Adjustments to reconcile change in income to net cash provided by operating activities		
Depreciation	8,258	6,742
Prior period adjustments	24,999	26,760
Increase/decrease in		
Due from other funds	346	(346)
HUD payable	(325,366)	18,806
Accrued liabilities	3,348	3,807
FSS escrow	(4,400)	8,755
Due to other funds	(672)	(107,174)
Compensated absences	(1,297)	680
Net cash provided by (used for) operating activities	<u>\$ (253,462)</u>	<u>\$ (38,601)</u>

**PROVO CITY HOUSING AUTHORITY
PUBLIC HOUSING**

Statement of Net Assets

September 30, 2005

With Comparative Totals for September 30, 2004

ASSETS		2004
	2005	As Restated
Current Assets		
Cash and cash equivalents	\$ 100,677	\$ 197,330
Receivables	7,326	10,699
HUD receivable	38,865	83,757
Due from other funds	243,132	188,068
Prepaid insurance	54,177	55,463
Total current assets	<u>444,177</u>	<u>535,317</u>
Net capital assets	<u>7,700,511</u>	<u>7,717,977</u>
Noncurrent assets		
Restricted cash and cash equivalents	<u>62,665</u>	<u>62,115</u>
Total noncurrent assets	<u>62,665</u>	<u>62,115</u>
Total assets	<u><u>\$ 8,207,353</u></u>	<u><u>\$ 8,315,409</u></u>
LIABILITIES		
Current liabilities		
Accounts payable	\$ 24,723	\$ 46,267
Accrued liabilities	38,774	32,347
Payment in lieu of taxes	45,775	41,535
Tenant security deposits	62,665	62,115
Prepaid rent	8,798	5,193
FSS escrow	17,935	29,676
Total current liabilities	<u>198,670</u>	<u>217,133</u>
Noncurrent liabilities, compensated absences	<u>10,606</u>	<u>9,558</u>
Total liabilities	<u><u>\$ 209,276</u></u>	<u><u>\$ 226,691</u></u>
NET ASSETS		
Invested in capital assets, net of related debt	\$ 7,700,511	\$ 7,717,977
Unrestricted	<u>297,566</u>	<u>370,741</u>
Total net assets	<u><u>\$ 7,998,077</u></u>	<u><u>\$ 8,088,718</u></u>

**PROVO CITY HOUSING AUTHORITY
PUBLIC HOUSING
Statement of Revenues, Expenses and Changes in Net Assets
Budget and Actual**

For the Year Ended September 30, 2005
With Comparative Totals for the Year Ended September 30, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	As Restated
Operating revenues				
HUD operating subsidy	\$ 317,131	\$ 317,132	\$ 1	\$ 295,071
Dwelling rents	550,000	572,569	22,569	525,835
Other fees and services	35,000	36,157	1,157	31,955
Total operating revenues	902,131	925,858	23,727	852,861
Operating expenses				
Administration	254,747	313,903	(59,156)	282,433
Tenant services	2,000	1,003	997	2,099
Utilities	114,000	114,272	(272)	112,829
Labor	167,000	134,089	32,911	155,476
Materials	109,000	113,407	(4,407)	95,480
Contract costs	58,000	58,852	(852)	54,738
General	307,600	252,115	55,485	258,070
Non-routine maintenance	9,000	6,817	2,183	10,553
Depreciation		378,940	(378,940)	359,473
Total operating expenses	1,021,347	1,373,398	(352,051)	1,331,151
Operating loss	(119,216)	(447,540)	(328,324)	(478,290)
Nonoperating income (expense)				
Interest income	4,000	4,997	997	2,393
Loss on disposal of equipment		(6,815)	(6,815)	(5,580)
Total non-operating income (expense)	4,000	(1,818)	(5,818)	(3,187)
Net income (loss) before contributions	(115,216)	(449,358)	(334,142)	(481,477)
Capital contribution HUD grant	358,717	358,717		487,680
Net income (loss)	243,501	(90,641)	\$ (334,142)	6,203
Change in Net Assets				
Net assets - beginning of year as previously reported	8,087,846	8,087,846		8,082,515
Cumulative effect of prior period adjustment		872		
Net assets - beginning of year as restated	8,087,846	8,088,718		8,082,515
Net assets at end of year	\$ 7,998,077	\$ 7,998,077		\$ 8,088,718

NOTE: IN THIS FUND THE HOUSING AUTHORITY ONLY ESTABLISHES
BUDGETS FOR HUD PROGRAMS.

**PROVO CITY HOUSING AUTHORITY
PUBLIC HOUSING**

Statement of Cash Flows

For the Year Ended September 30, 2005

With Comparative Totals for the Year Ended September 30, 2004

	2005	2004
Cash flows from operating activities		
HUD contributions	\$ 361,152	\$ 311,357
Dwelling rents and other services	562,062	539,597
Payments to employees	(343,494)	(372,314)
Payments to suppliers	(671,248)	(639,243)
Net cash used for operating activities	<u>(91,528)</u>	<u>(160,603)</u>
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(369,636)	(391,128)
Proceeds from capital grants	358,717	487,680
Proceeds from sale of capital assets	1,347	3,715
Net cash provided (used) by capital and related financing activities	<u>(9,572)</u>	<u>100,267</u>
Cash flow from investing activities		
Interest income	4,997	2,393
Net cash provided by investing activities	<u>4,997</u>	<u>2,393</u>
Net changes in cash and cash equivalents	(96,103)	(57,943)
Cash and cash equivalents October 1	259,445	317,388
Cash and cash equivalents September 30	<u>\$ 163,342</u>	<u>\$ 259,445</u>
Cash and cash equivalents	\$ 100,677	\$ 197,330
Restricted cash and cash equivalents	62,665	62,115
Total cash and cash equivalents	<u>\$ 163,342</u>	<u>\$ 259,445</u>
Reconciliation of change in net assets to net cash from operations		
Operating income (loss)	\$ (447,540)	\$ (478,290)
Adjustments to reconcile change in income to net cash provided by operating activities		
Depreciation	378,940	359,473
Prior period adjustments	872	51,500
Increase/decrease in		
Receivables	47,393	(41,879)
Due from other funds	(55,064)	37,034
Prepaid insurance	1,286	7,711
Accounts payable	(17,304)	(59,813)
Accrued liabilities	7,475	(24,810)
FSS Escrow	(11,741)	(13,925)
Prepaid rent	3,605	(215)
Tenant security deposits	550	2,611
Net cash provided by (used for) operating activities	<u>\$ (91,528)</u>	<u>\$ (160,603)</u>

**PROVO CITY HOUSING AUTHORITY
LOOKOUT POINTE
Statement of Net Assets
December 31, 2005
With Comparative Totals for December 31, 2004**

ASSETS

	2005	2004
Current assets		
Cash and cash equivalents	\$ 44,267	\$ 62,822
Rent receivable	4,486	4,095
Prepaid property insurance	8,768	8,495
Total current assets	<u>57,521</u>	<u>75,412</u>
Net capital assets	<u>1,976,976</u>	<u>2,074,712</u>
Noncurrent assets		
Bond issuance costs, net of amortization	54,978	58,310
Tenant security deposits	39,076	38,326
Restricted cash and cash equivalents	181,762	161,712
Total noncurrent assets	<u>275,816</u>	<u>258,348</u>
Total assets	<u><u>\$ 2,310,313</u></u>	<u><u>\$ 2,408,472</u></u>

LIABILITIES

Current liabilities		
Accounts payable	\$ 2,218	\$ 683
Accrued liabilities	7,258	8,974
Due to other funds	39,567	66,920
Interest payable	10,501	10,857
Tenant security deposits	39,076	38,326
Prepaid rent	4,766	1,987
Current portion long-term debt	74,356	69,967
Total current liabilities	<u>177,742</u>	<u>197,714</u>
Long-term liabilities		
Long-term debt	2,065,785	2,135,751
Less current portion	<u>(74,356)</u>	<u>(69,967)</u>
Total long-term liabilities	<u>1,991,429</u>	<u>2,065,784</u>
Total liabilities	<u><u>\$ 2,169,171</u></u>	<u><u>\$ 2,263,498</u></u>

NET ASSETS

Restricted		
Escrow reserves	\$ 181,762	\$ 161,712
Unrestricted (deficit)	<u>(40,620)</u>	<u>(16,738)</u>
Total liabilities and net assets	<u><u>\$ 141,142</u></u>	<u><u>\$ 144,974</u></u>

PROVO CITY HOUSING AUTHORITY
LOOKOUT POINTE
Statement of Revenues, Expenses, and Changes in Net Assets
Budget and Actual
For the Year Ended December 31, 2005
With Comparative Totals for the Year Ended December 31, 2004

	2005			2004
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating revenues				
Rent	\$ 545,500	\$ 583,010	\$ 37,510	\$ 554,019
Other income	63,000	25,138	(37,862)	23,283
Total operating revenues	608,500	608,148	(352)	577,302
Operating expenses				
General	393,800	370,138	23,662	346,944
Depreciation and amortization		114,630	(114,630)	114,030
Total operating expenses	393,800	484,768	(90,968)	460,974
Operating income	214,700	123,380	(91,320)	116,328
Other revenues and (expenses)				
Interest income	800	779	(21)	646
Interest expense	(198,313)	(127,991)	70,322	(132,142)
Total other revenues and (expenses)	(197,513)	(127,212)	70,301	(131,496)
Net income (loss)	17,187	(3,832)	\$ (21,019)	(15,168)
Change in Net Assets				
Net assets - beginning of year	141,142	144,974		160,142
Net assets at end of year	\$ 158,329	\$ 141,142		\$ 144,974

**PROVO CITY HOUSING AUTHORITY
LOOKOUT POINTE**

Statement of Cash Flows

For the Year Ended December 31, 2005

With Comparative Totals for the Year Ended December 31, 2004

Cash flows from operating activities	2005	2004
Rental revenues	\$ 584,648	\$ 556,058
Other revenues	26,578	21,703
Payments to suppliers	(242,856)	(176,387)
Payments to employees	(155,029)	(142,109)
Net cash provided by operating activities	<u>213,341</u>	<u>259,265</u>
 Cash flows from capital and related financing activities		
Interest paid on debt	(128,347)	(132,476)
Principal payments on debt	(69,967)	(65,837)
Acquisition and construction of capital assets	(13,561)	(20,441)
Net cash used for capital and related financing activities	<u>(211,875)</u>	<u>(218,754)</u>
 Cash flows from investing activities		
Interest income	779	646
Net cash provided by investing activities	<u>779</u>	<u>646</u>
 Net changes in cash and cash equivalents	2,245	41,157
 Cash and cash equivalents January 1	262,860	221,703
Cash and cash equivalents December 31	<u>\$ 265,105</u>	<u>\$ 262,860</u>
 Cash and cash equivalents	\$ 44,267	\$ 62,822
Restricted cash and cash equivalents - security deposits	39,076	38,326
Restricted cash and cash equivalents - escrow accounts	181,762	161,712
Total restricted cash and cash equivalents	<u>\$ 265,105</u>	<u>\$ 262,860</u>
 Reconciliation of change in net assets to net cash from operations		
Operating income	\$ 123,380	\$ 116,328
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	114,630	114,030
Increase/decrease in		
Accounts receivable	(391)	1,302
Accounts payable	1,535	(929)
Accrued liabilities	(1,716)	1,546
Tenant security deposits	750	(1,580)
Prepaid insurance	(273)	369
Prepaid rent	2,779	737
Due to other funds	(27,353)	27,462
Net cash provided by operating activities	<u>\$ 213,341</u>	<u>\$ 259,265</u>

SINGLE AUDIT SECTION

PROVO CITY HOUSING AUTHORITY

Schedule of Expenditures of Federal Awards

For the year ended September 30, 2005

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Contract Number</u>	<u>Program Award Amount</u>	<u>Current Year Expenditures</u>
Department of Housing and Urban Development				
Public and Indian Housing Operating Subsidy	14.850	DEN - 344	\$ 317,131	\$ 317,131
Public and Indian Housing Capital Fund Program	14.872	UT06P00750203	393,949	56,432
Capital Fund Program	14.872	UT06P00750104	380,419	279,457
Capital Fund Program	14.872	UT06P00750105	347,482	22,028
Section 8 - Housing Choice Vouchers	14.871	0048-0066	4,331,741	4,249,220
Shelter Plus Care	14.238	UT01C30-4001	452,700	145,407
HUD Supportive Housing	14.181	UT01B104001	42,578	42,578
Mortgage Insurance Rental Housing Section 207	14.134		2,540,000	2,065,785
Total Department of Housing and Urban Development				<u>7,178,038</u>
Department of Education				
Passed through the Utah Department of Education Adult Education	84.002		7,466	3,500
Adult Education	84.002		7,337	
Total Department of Education				<u>3,500</u>
Total Expenditures				<u>\$ 7,181,538</u>

PROVO CITY HOUSING AUTHORITY
Notes to the Schedule of Expenditures of Federal Awards
For the year ended September 30, 2005

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Revenues are recognized in the accounting period that qualifying expenditures occur. Expenditures are recognized in the accounting period in which the liability is incurred.

NOTE 2 - LOANS OUTSTANDING

The federal expenditures reported as Mortgage Insurance - Rental Housing Section 207 represents the loan balance outstanding at year end.

NOTE 3 - NON-CASH ASSISTANCE

The Housing Authority did not receive any non-cash assistance for the year ended September 30, 2005.



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Provo City Housing Authority

We have audited the financial statements of Provo City Housing Authority as of and for the year ended September 30, 2005, and have issued our report thereon dated January 30, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Provo City Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Provo City Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

Hawkins Cloward & Simister, LC

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CERTIFIED PUBLIC ACCOUNTANTS

January 30, 2006



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Provo City Housing Authority

Compliance

We have audited the compliance of Provo City Housing Authority with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2005. Provo City Housing Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Provo City Housing Authority's management. Our responsibility is to express an opinion on Provo City Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Provo City Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Provo City Housing Authority's compliance with those requirements.

In our opinion Provo City Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2005.

Internal Control over Compliance

The management of Provo City Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Provo City Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies, and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

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CERTIFIED PUBLIC ACCOUNTANTS

January 30, 2006

PROVO CITY HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
September 30, 2005

A. Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the financial statements of Provo City Housing Authority.
2. There were no reportable conditions relating to the audit of the financial statements as reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Provo City Housing Authority were disclosed during the audit.
4. There were no findings relative to the internal control over compliance with major federal award programs.
5. The auditor's report on compliance for the major federal awards programs for Provo City Housing Authority expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs.
7. The programs tested as major programs are:
 - a. Section 8 – Housing Choice Vouchers, CFDA No. 14.871
 - b. Mortgage Insurance Rental Housing Section 207, CFDA No. 14.134
 - c. Shelter Plus Care, CFDA No. 14.238
 - d. Public Housing Capital Funds Program, CFDA No. 14.872
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Provo City Housing Authority was determined to be a low risk auditee.

B. Findings – Financial Statement Audit

There were no findings.

C. Findings and Questioned Costs – Major Federal Award Programs Audit

There were no findings.

D. Prior Year Audit Findings

There were no prior year findings.



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INDEPENDENT AUDITORS' REPORT ON LEGAL COMPLIANCE - STATE OF UTAH

Board of Commissioners
Provo City Housing Authority

We have audited the financial statements of the Provo City Housing Authority for the year ended September 30, 2005, and have issued our report thereon, dated January 30, 2006. Our audit included test work on the Housing Authority's compliance with the general requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Cash management
- Purchasing requirements
- Special districts
- Other general compliance issues

The Housing Authority did not receive any major or non-major State grants during the year ended September 30, 2005.

The management of the Provo City Housing Authority is responsible for the Housing Authority's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

There were no prior year instances of noncompliance.

In our opinion, Provo City Housing Authority complied, in all material respects, with the general compliance requirements identified above, for the year ended September 30, 2005.

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CERTIFIED PUBLIC ACCOUNTANTS

January 30, 2006

SUPPLEMENTAL FINANCIAL DATA SCHEDULES

PHA: UT007 FYED: 09/30/2005

Line Item No.	Account Description	Business Activities	Supportive Housing for Persons with Disabilities	Shelter Plus Care	Low Rent Public Housing	Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program
111	Cash - Unrestricted	\$45,501	\$209	\$0	\$100,677	\$0	\$707,883	\$0
113	Cash - Other Restricted	\$0	\$0	\$0	\$0	\$0	\$0	\$0
114	Cash - Tenant Security Deposits	\$2,445	\$1,750	\$0	\$62,665	\$0	\$0	\$0
100	Total Cash	\$47,946	\$1,959	\$0	\$163,342	\$0	\$707,883	\$0
122	Accounts Receivable - HUD Other Projects	\$0	\$9,846	\$34,238	\$0	\$0	\$0	\$38,865
125	Accounts Receivable - Miscellaneous	\$27,148	\$0	\$0	\$1,015	\$0	\$0	\$0
126	Accounts Receivable - Tenants - Dwelling Rents	\$3,141	\$225	\$0	\$7,893	\$0	\$0	\$0
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$-2,632	\$-225	\$0	\$-1,582	\$0	\$0	\$0
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$10,434	\$0	\$0	\$0	\$0	\$0	\$0
129	Accrued Interest Receivable	\$19,096	\$0	\$0	\$0	\$0	\$0	\$0
120	Total Receivables, net of allowances for doubtful accounts	\$57,187	\$9,846	\$34,238	\$7,326	\$0	\$0	\$38,865
135	Investments - Restricted for Payment of Current Liabilities	\$93,284	\$0	\$0	\$0	\$0	\$0	\$0
132	Investments Restricted	\$2,052,664	\$0	\$0	\$0	\$0	\$0	\$0
142	Prepaid Expenses and Other Assets	\$0	\$0	\$0	\$54,177	\$0	\$0	\$0
144	Interprogram Due From	\$34,238	\$5,424	\$0	\$281,997	\$0	\$0	\$0
150	Total Current Assets	\$2,285,319	\$17,229	\$34,238	\$506,842	\$0	\$707,883	\$38,865
161	Land	\$119,691	\$76,512	\$0	\$2,771,013	\$0	\$75,853	\$0
162	Buildings	\$423,957	\$433,566	\$0	\$10,274,037	\$0	\$71,303	\$232,526
163	Furniture, Equipment & Machinery - Dwellings	\$15,204	\$24,266	\$0	\$167,540	\$0	\$0	\$0
164	Furniture, Equipment & Machinery - Administration	\$0	\$0	\$0	\$453,316	\$0	\$44,898	\$6,899
165	Leasehold Improvements	\$42,768	\$173,662	\$0	\$1,046,379	\$0	\$0	\$15,509
166	Accumulated Depreciation	\$-70,491	\$-36,472	\$0	\$-7,260,918	\$0	\$-30,638	\$-5,791
160	Total Fixed Assets, Net of Accumulated Depreciation	\$531,129	\$671,534	\$0	\$7,451,367	\$0	\$161,416	\$249,143
171	Notes, Loans, & Mortgages Receivable - Non Current	\$987,154	\$0	\$0	\$0	\$0	\$0	\$0
174	Other Assets	\$55,169	\$0	\$0	\$0	\$0	\$0	\$0
176	Investments in Joint Ventures	\$1,521,004	\$0	\$0	\$0	\$0	\$0	\$0
180	Total Non-Current Assets	\$3,094,456	\$671,534	\$0	\$7,451,367	\$0	\$161,416	\$249,143
190	Total Assets	\$5,379,775	\$688,763	\$34,238	\$7,958,209	\$0	\$869,299	\$288,008

PHA: UT007 FYED: 09/30/2005

Line Item No.	Account Description	Business Activities	Supportive Housing for Persons with Disabilities	Shelter Plus Care	Low Rent Public Housing	Public and Indian Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program
312	Accounts Payable <= 90 Days	\$29,521	\$0	\$0	\$24,723	\$0	\$0	\$0
321	Accrued Wage/Payroll Taxes Payable	\$0	\$0	\$0	\$16,705	\$0	\$0	\$0
322	Accrued Compensated Absences - Current Portion	\$0	\$0	\$0	\$22,069	\$0	\$25,149	\$0
325	Accrued Interest Payable	\$25,307	\$675	\$0	\$455	\$0	\$3,620	\$0
331	Accounts Payable - HUD PHA Programs	\$0	\$0	\$0	\$0	\$0	\$34,782	\$0
333	Accounts Payable - Other Government	\$0	\$0	\$0	\$45,775	\$0	\$0	\$0
341	Tenant Security Deposits	\$2,445	\$1,750	\$0	\$62,665	\$0	\$0	\$0
342	Deferred Revenues	\$293	\$209	\$0	\$8,798	\$0	\$0	\$0
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$97,362	\$11,510	\$0	\$0	\$0	\$0	\$0
345	Other Current Liabilities	\$0	\$0	\$0	\$17,480	\$0	\$174,349	\$0
347	Interprogram Due To	\$125,250	\$0	\$34,238	\$0	\$0	\$39,933	\$38,865
310	Total Current Liabilities	\$280,178	\$14,144	\$34,238	\$198,670	\$0	\$277,833	\$38,865
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$3,452,655	\$315,532	\$0	\$0	\$0	\$0	\$0
354	Accrued Compensated Absences - Non Current	\$0	\$0	\$0	\$10,607	\$0	\$4,724	\$0
350	Total Noncurrent Liabilities	\$3,452,655	\$315,532	\$0	\$10,607	\$0	\$4,724	\$0
300	Total Liabilities	\$3,732,833	\$329,676	\$34,238	\$209,277	\$0	\$282,557	\$38,865
508	Total Contributed Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$531,129	\$344,492	\$0	\$7,451,367	\$0	\$161,416	\$249,143
511	Total Reserved Fund Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0
511.1	Restricted Net Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
512.1	Unrestricted Net Assets	\$1,115,813	\$14,595	\$0	\$297,565	\$0	\$425,326	\$0
513	Total Equity/Net Assets	\$1,646,942	\$359,087	\$0	\$7,748,932	\$0	\$586,742	\$249,143
600	Total Liabilities and Equity/Net Assets	\$5,379,775	\$688,763	\$34,238	\$7,958,209	\$0	\$869,299	\$288,008

PHA: UT007 FYED: 09/30/2005

Line Item No.	Account Description	Business Activities	Supportive Housing for Persons with Disabilities	Shelter Plus Care	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program
703	Net Tenant Rental Revenue	\$62,914	\$48,788	\$0	\$573,200	\$0	\$0	\$0
704	Tenant Revenue - Other	\$154	\$154	\$0	\$34,497	\$0	\$0	\$0
705	Total Tenant Revenue	\$63,068	\$48,942	\$0	\$607,697	\$0	\$0	\$0
706	HUD PHA Operating Grants	\$0	\$40,957	\$145,407	\$317,131	\$0	\$4,331,741	\$102,984
706.1	Capital Grants	\$0	\$1,621	\$0	\$0	\$0	\$0	\$254,934
708	Other Government Grants	\$0	\$0	\$0	\$800	\$0	\$0	\$0
711	Investment Income - Unrestricted	\$3,741	\$0	\$0	\$4,997	\$0	\$14,622	\$0
712	Mortgage Interest Income	\$60,651	\$0	\$0	\$0	\$0	\$0	\$0
713	Proceeds from Disposition of Assets Held for Sale	\$540,000	\$0	\$0	\$1,348	\$0	\$0	\$0
713.1	Cost of Sale of Assets	\$-706,283	\$0	\$0	\$-8,163	\$0	\$0	\$0
714	Fraud Recovery	\$0	\$0	\$0	\$0	\$0	\$19,023	\$0
715	Other Revenue	\$63,614	\$0	\$0	\$1,025	\$0	\$0	\$0
720	Investment Income - Restricted	\$128,018	\$0	\$0	\$0	\$0	\$0	\$0
700	Total Revenue	\$152,809	\$91,520	\$145,407	\$924,835	\$0	\$4,365,386	\$357,918

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Line Item No.	Account Description	Business Activities	Supportive Housing for Persons with Disabilities	Shelter Plus Care	Low Rent Public Housing	Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program
911	Administrative Salaries	\$6,282	\$2,578	\$4,676	\$146,808	\$0	\$343,569	\$34,421
912	Auditing Fees	\$0	\$1,100	\$0	\$5,650	\$0	\$8,250	\$0
914	Compensated Absences	\$0	\$0	\$0	\$3,853	\$0	\$2,051	\$0
915	Employee Benefit Contributions - Administrative	\$1,994	\$980	\$1,807	\$58,472	\$0	\$126,008	\$15,707
916	Other Operating - Administrative	\$5,822	\$27,733	\$0	\$58,459	\$0	\$31,937	\$4,250
924	Tenant Services - Other	\$0	\$0	\$0	\$1,004	\$0	\$0	\$0
931	Water	\$1,910	\$1,296	\$0	\$23,726	\$0	\$0	\$0
932	Electricity	\$4,457	\$3,024	\$0	\$54,715	\$0	\$0	\$0
933	Gas	\$3,485	\$3,273	\$0	\$35,091	\$0	\$0	\$0
938	Other Utilities Expense	\$0	\$0	\$0	\$740	\$0	\$0	\$0
941	Ordinary Maintenance and Operations - Labor	\$1,704	\$3,735	\$0	\$134,089	\$0	\$0	\$32,242
942	Ordinary Maintenance and Operations - Materials and Other	\$6,348	\$2,773	\$0	\$113,406	\$0	\$0	\$0
943	Ordinary Maintenance and Operations - Contract Costs	\$0	\$2,515	\$0	\$58,852	\$0	\$0	\$0
945	Employee Benefit Contributions - Ordinary Maintenance	\$890	\$1,420	\$0	\$58,981	\$0	\$0	\$16,364
952	Protective Services - Other Contract Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0
961	Insurance Premiums	\$2,602	\$1,942	\$0	\$83,453	\$0	\$0	\$0
962	Other General Expenses	\$564	\$0	\$0	\$0	\$0	\$0	\$0
963	Payments in Lieu of Taxes	\$0	\$0	\$0	\$45,775	\$0	\$0	\$0
964	Bad Debt - Tenant Rents	\$2,632	\$225	\$0	\$1,582	\$0	\$0	\$0
967	Interest Expense	\$163,165	\$8,992	\$0	\$0	\$0	\$0	\$0
969	Total Operating Expenses	\$201,855	\$61,586	\$6,483	\$884,656	\$0	\$511,815	\$102,984
970	Excess Operating Revenue over Operating Expenses	\$-49,046	\$29,934	\$138,924	\$40,179	\$0	\$3,853,571	\$254,934
971	Extraordinary Maintenance	\$0	\$0	\$0	\$6,817	\$0	\$0	\$0
972	Casualty Losses - Non-Capitalized	\$0	\$0	\$0	\$0	\$0	\$0	\$0
973	Housing Assistance Payments	\$0	\$0	\$138,924	\$0	\$0	\$3,789,369	\$0
974	Depreciation Expense	\$15,333	\$18,298	\$0	\$373,149	\$0	\$8,258	\$5,791
900	Total Expenses	\$217,188	\$79,884	\$145,407	\$1,264,622	\$0	\$4,309,442	\$108,775
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-64,379	\$11,636	\$0	\$-339,787	\$0	\$55,944	\$249,143

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Line Item No.	Account Description	Business Activities	Supportive Housing for Persons with Disabilities	Shelter Plus Care	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Housing Choice Vouchers	Public Housing Capital Fund Program
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$2,042,933	\$49,088	\$0	\$7,724,796	\$15,034	\$505,800	\$348,016
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$-331,612	\$298,363	\$0	\$363,923	\$-15,034	\$24,998	\$-348,016
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$0	\$0	\$4,377,586	\$0
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$0	\$0	\$699,824	\$0
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$0	\$0	\$5,077,410	\$0
1120	Unit Months Available	120	180	432	2,976	0	10,596	0
1121	Number of Unit Months Leased	110	158	420	2,972	0	10,295	0

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Line Item No.	Account Description	Component Units	Adult Education_State Grant Program	Total
111	Cash - Unrestricted	\$44,267	\$1,123	\$89,660
113	Cash - Other Restricted	\$181,762	\$0	\$181,762
114	Cash - Tenant Security Deposits	\$39,076	\$0	\$105,936
100	Total Cash	\$265,105	\$1,123	\$1,187,358
122	Accounts Receivable - HUD Other Projects	\$0	\$0	\$82,949
125	Accounts Receivable - Miscellaneous	\$0	\$0	\$28,163
126	Accounts Receivable - Tenants - Dwelling Rents	\$4,486	\$0	\$15,745
126.1	Allowance for Doubtful Accounts - Dwelling Rents	\$0	\$0	\$-4,439
126.2	Allowance for Doubtful Accounts - Other	\$0	\$0	\$0
127	Notes, Loans, & Mortgages Receivable - Current	\$0	\$0	\$10,434
129	Accrued Interest Receivable	\$0	\$0	\$19,096
120	Total Receivables, net of allowances for doubtful accounts	\$4,486	\$0	\$151,948
135	Investments - Restricted for Payment of Current Liabilities	\$0	\$0	\$93,284
132	Investments Restricted	\$0	\$0	\$2,052,664
142	Prepaid Expenses and Other Assets	\$8,768	\$0	\$62,945
144	Interprogram Due From	\$0	\$0	\$321,659
150	Total Current Assets	\$278,359	\$1,123	\$3,869,858
161	Land	\$100,000	\$0	\$3,143,069
162	Buildings	\$1,866,662	\$0	\$13,302,051
163	Furniture, Equipment & Machinery - Dwellings	\$37,895	\$0	\$244,905
164	Furniture, Equipment & Machinery - Administration	\$12,094	\$0	\$517,207
165	Leasehold Improvements	\$767,529	\$0	\$2,045,847
166	Accumulated Depreciation	\$-807,203	\$0	\$-8,211,513
160	Total Fixed Assets, Net of Accumulated Depreciation	\$1,976,977	\$0	\$11,041,566
171	Notes, Loans, & Mortgages Receivable - Non Current	\$0	\$0	\$987,154
174	Other Assets	\$54,978	\$0	\$110,147
176	Investments in Joint Ventures	\$0	\$0	\$1,521,004
180	Total Non-Current Assets	\$2,031,955	\$0	\$13,659,871
190	Total Assets	\$2,310,314	\$1,123	\$17,529,729

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Line Item No.	Account Description	Component Units	Adult Education	State Grant Program	Total
312	Accounts Payable <= 90 Days	\$2,218	\$0		\$56,462
321	Accrued Wage/Payroll Taxes Payable	\$4,109	\$0		\$20,814
322	Accrued Compensated Absences - Current Portion	\$1,625	\$0		\$48,843
325	Accrued Interest Payable	\$10,501	\$0		\$40,558
331	Accounts Payable - HUD PHA Programs	\$0	\$0		\$34,782
333	Accounts Payable - Other Government	\$0	\$0		\$45,775
341	Tenant Security Deposits	\$39,076	\$0		\$105,936
342	Deferred Revenues	\$4,766	\$1,123		\$15,189
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$74,356	\$0		\$183,228
345	Other Current Liabilities	\$1,196	\$0		\$193,025
347	Interprogram Due To	\$39,567	\$0		\$277,853
310	Total Current Liabilities	\$177,414	\$1,123		\$1,022,465
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue Bonds	\$1,991,429	\$0		\$5,759,616
354	Accrued Compensated Absences - Non Current	\$328	\$0		\$15,659
350	Total Noncurrent Liabilities	\$1,991,757	\$0		\$5,775,275
300	Total Liabilities	\$2,169,171	\$1,123		\$6,797,740
508	Total Contributed Capital	\$0	\$0		\$0
508.1	Invested in Capital Assets, Net of Related Debt	\$0	\$0		\$8,737,547
511	Total Reserved Fund Balance	\$0	\$0		\$0
511.1	Restricted Net Assets	\$181,762	\$0		\$181,762
512.1	Unrestricted Net Assets	\$40,619	\$0		\$1,812,680
513	Total Equity/Net Assets	\$141,143	\$0		\$10,731,989
600	Total Liabilities and Equity/Net Assets	\$2,310,314	\$1,123		\$17,529,729

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Line Item No.	Account Description	Component Units	Adult Education	State Grant Program	Total
703	Net Tenant Rental Revenue	\$583,010	\$0		\$1,267,912
704	Tenant Revenue - Other	\$25,138	\$0		\$59,943
705	Total Tenant Revenue	\$608,148	\$0		\$1,327,855
706	HUD PHA Operating Grants	\$0	\$0		\$4,938,220
706.1	Capital Grants	\$0	\$0		\$256,555
708	Other Government Grants	\$0	\$3,500		\$4,300
711	Investment Income - Unrestricted	\$93	\$0		\$23,453
712	Mortgage Interest Income	\$0	\$0		\$60,651
713	Proceeds from Disposition of Assets Held for Sale	\$0	\$0		\$541,348
713.1	Cost of Sale of Assets	\$0	\$0		\$ 714,446
714	Fraud Recovery	\$0	\$0		\$19,023
715	Other Revenue	\$0	\$0		\$64,639
720	Investment Income - Restricted	\$686	\$0		\$128,704
700	Total Revenue	\$608,927	\$3,500		\$6,650,302

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Line Item No.	Account Description	Component Units	Adult Education - State Grant Program	Total
911	Administrative Salaries	\$58,838	\$1,784	\$598,956
912	Auditing Fees	\$2,400	\$0	\$17,400
914	Compensated Absences	\$-2,401	\$0	\$3,503
915	Employee Benefit Contributions - Administrative	\$19,898	\$836	\$225,702
916	Other Operating - Administrative	\$13,713	\$880	\$142,794
924	Tenant Services - Other	\$828	\$0	\$1,832
931	Water	\$10,657	\$0	\$37,589
932	Electricity	\$12,855	\$0	\$75,051
933	Gas	\$22,507	\$0	\$64,356
938	Other Utilities Expense	\$24,217	\$0	\$24,957
941	Ordinary Maintenance and Operations - Labor	\$61,967	\$0	\$233,737
942	Ordinary Maintenance and Operations - Materials and Other	\$28,242	\$0	\$150,769
943	Ordinary Maintenance and Operations - Contract Costs	\$43,227	\$0	\$104,594
945	Employee Benefit Contributions - Ordinary Maintenance	\$15,011	\$0	\$92,666
952	Protective Services - Other Contract Costs	\$7,438	\$0	\$7,438
961	Insurance Premiums	\$31,052	\$0	\$119,049
962	Other General Expenses	\$17,097	\$0	\$17,661
963	Payments in Lieu of Taxes	\$0	\$0	\$45,775
964	Bad Debt - Tenant Rents	\$0	\$0	\$4,439
967	Interest Expense	\$127,991	\$0	\$300,148
969	Total Operating Expenses	\$495,537	\$3,500	\$2,268,416
970	Excess Operating Revenue over Operating Expenses	\$113,390	\$0	\$4,381,886
971	Extraordinary Maintenance	\$1,690	\$0	\$8,507
972	Casualty Losses - Non-Capitalized	\$900	\$0	\$900
973	Housing Assistance Payments	\$0	\$0	\$3,928,293
974	Depreciation Expense	\$114,631	\$0	\$535,460
900	Total Expenses	\$612,758	\$3,500	\$6,741,576
1010	Total Other Financing Sources (Uses)	\$0	\$0	\$0
1000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	\$-3,831	\$0	\$-91,274

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Line Item No.	Account Description	Component Units	Adult Education Program	State Grant	Total
1102	Debt Principal Payments - Enterprise Funds	\$0	\$0	\$0	\$0
1103	Beginning Equity	\$144,974	\$0	\$0	\$10,830,641
1104	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$0	\$0	\$0	\$-7,378
1113	Maximum Annual Contributions Commitment (Per ACC)	\$0	\$0	\$0	\$4,377,586
1114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	\$0	\$0	\$0	\$0
1115	Contingency Reserve, ACC Program Reserve	\$0	\$0	\$0	\$699,824
1116	Total Annual Contributions Available	\$0	\$0	\$0	\$5,077,410
1120	Unit Months Available	1,368	0	0	15,672
1121	Number of Unit Months Leased	1,233	0	0	15,188

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